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Illinois Laws- Regulations for Vehicle Dealers

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This brochure will help Illinois citizens understand the requirements to be a vehicle dealer in Illinois. It also details the regulations pertaining to dealerships that are enforced by the Secretary of State's office.

The regulations are intended to ensure that vehicle dealers operate in a professional and businesslike manner.

**George H. Ryan
Secretary of State**

DEALERS' ESTABLISHED PLACE OF BUSINESS

- (a) Each person seeking to be or already duly licensed as a new or used vehicle dealer under the Illinois Compiled Statute shall maintain an established place of business which shall, in addition to those requirements in 625 ILCS 5/5-100, meet the following requirements:
- (1) Have office facilities in a building for maintaining and keeping books and records as are required. The office facilities shall be permanently mounted on a fixed foundation and may not include a trailer with axle attached and still moveable. It may include, however, an office trailer or house trailer in a licensed mobile home park or dealership lot with tires removed and utilities attached.
 - (2) Be properly and permanently equipped with the necessary office equipment and machines, and documents and papers adequate to properly conduct business as a dealer required in subsection (a)(1) above.
 - (3) Be equipped with an operating telephone for inbound and outbound calls and have the business telephone number published in the telephone directory generally available in the dealership area, and adequately equipped with operating electric lights.
 - (4) Have the name of the dealership posted on the front entrance door.
 - (5) Have posted on the front entrance door a sign setting forth the days and regular and reasonable hours when open for business. A dealership shall not be deemed as being open for business unless at least one employee, who is able to conduct regular business, is on the premises and available to the public, and the dealership must be operated consistent with general dealer practices. The dealership must be open for business at least five (5) days out of each seven (7) days in a week, and a minimum of four (4) consecutive hours per day. However, dealers who operate their dealerships less than 12 months shall state in the license application those months in which the dealership is closed and shall not be required to maintain regular business hours during the period of closure. The months of closure shall also be posted in a prominent place for the public to see in the dealership office.
 - (6) Maintain a lot, being the area not occupied by a building, which shall be surfaced with rock or better surface material, and which shall be properly illuminated, if open after sundown, so that vehicles for sale can be properly inspected by any prospective customer.
 - (A) The lot used for sale of vehicles shall be separate and apart from any other business. In addition, where a dealer is selling both new and used cars the new cars shall be parked separately and apart from used cars.
 - (B) The above lot requirement shall not be appli-

cable where the place of business has an indoor showroom, properly illuminated, for the display of vehicles held for sale.

- (C) The separate lot requirement specified in subsection (a)(6)(A) above shall not prohibit the operation by the dealer of other businesses on the same premises, which shall include the lot, provided that the businesses are reasonably related to the sale or operation of new or used automobiles, provided further that the sale of new or used automobiles shall constitute at least 50 percent of the gross revenues of the licensed dealer, and the sale of automobiles shall be the primary business of the licensed dealer. No business defined as reasonably related to the sale of automobiles under this Section shall exceed 50 percent of the gross revenue of the business entities using the lot. Businesses reasonably related to the sale or operation of automobiles shall include only the sale of automobile parts and accessories, the sale of gasoline, diesel fuel, oil and lubricant, the sale of automobile tires, the leasing of automobiles, insuring automobiles and the financing of automobiles sold by the licensed dealers engaged in operating businesses other than those stated herein shall remove such businesses or modify them to comply with this rule within 60 days of notification by the Secretary of State, or be subject to, the revocation or suspension of their dealers license.

- (7) *Dealership in a Department Store* — Where a dealer maintains a place of business within a department store, the dealership shall be separated from other operations within the department store.
- (8) *Sign* — Display a permanent sign bearing the name of the dealership which shall be properly illuminated if open after sundown and which shall be visible from the highway leading to the established place of business.
- (9) Display a federally required pricing document on all new motor vehicles held for sale.
- (10) If the premises are leased, such lease must be for at least the duration of the current licensed period.

(b) Supplemental Lots

An Illinois licensed dealer may operate as an additional place of business a permanent supplemental lot which will meet all the requirements of subsections (a)(1) through (a)(10) of this Section, except the records required to be kept shall be maintained at the principal place of business of the dealership, as defined by 625 ILCS 5/1-164, unless the supplemental lot is more than one mile from the main dealership. The one mile shall be measured by the most direct road between the dealership and the supplemental lot.

- (1) A licensed dealer shall apply for the supplemental lot authorization when he/she files the application required by Illinois Combined Statutes (625 ILCS 5/5-

101 or 625 ILCS 5/5-102) or he/she may file an application to add a supplemental lot during the license period.

(2) The fee for a license to operate a supplemental lot is \$25 or \$12.50 as provided in 625 ILCS 5/5-101(b)(7) and 625 ILCS 5/5-102(b)(5).

(3) No vehicle sales at supplemental lots shall be allowed on Sundays except as provided for in 625 ILCS 5/5-101 or 5/5-102.

(c) Off Site Sale and Exhibition

“Off site sale” means the temporary display and sale of vehicles, for a period of not more than 7 calendar days (excluding Sundays), by a dealer licensed under 625 ILCS 5/5-101 or 5/5-102, at a place other than the dealer's established and additional places of business.

The Secretary shall issue an off site sale permit to a dealer if:

- (1) an application therefor is received by the Secretary at least 10 days prior to the beginning date of the proposed off site sale, accompanied by a fee of \$25;
- (2) the applicant is a licensed new vehicle dealer or used vehicle dealer in good standing; and
- (3) the Secretary determines that the proposed off site sale will conform with the requirements imposed by law.

However, in no event shall an off site sale permit be issued to any licensed new or used vehicle dealer for any off site sale to be conducted outside that dealer's relevant market area, except that this restriction shall not apply to off site sales of motor homes or recreational vehicles.

“Relevant market area,” for a new vehicle dealer licensed under 625 ILCS 5/5-101, has the meaning ascribed to it in the Motor Vehicle Franchise Act. For a used vehicle dealer licensed under 625 ILCS 5/5-102, “relevant market area” means the area within 10 miles of any established or additional place of business of the dealer located in a county with a population of 300,000 or more, or within 15 miles if the place of business is located in a county with a population of less than 300,000.

An off site sale permit does not authorize the sale of vehicles on Sundays.

“DISPLAY EXHIBITION” means the temporary display of vehicles, by a dealer licensed under 625 ILCS, 5/5-101 or 5/5-102, at a location at which no vehicles are offered for sale, that is conducted at a place other than the dealers established and additional places of business.

The Secretary shall issue a display exhibition permit if:

- (1) an application is received by the Secretary at least 10 days prior to the beginning date of the proposed exhibition, accompanied by a fee of \$10;
- (2) the applicant is a licensed new vehicle dealer or used vehicle dealer in good standing;
- (3) the Secretary determines that the proposed exhibition will conform with the requirements imposed by law.

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"TRADE SHOW EXHIBITION" means a temporary display of vehicles, by a dealer licensed under 625 ILCS, 5/5-101 or 5/5-102, or any other person as defined in subsection (c) 625 ILCS, 5/5-12.1, at a location at which no vehicles are offered for sale that is conducted at a place other than the dealers established and additional places of business. In order for an exhibition to be considered a trade show exhibition, it must be participated in by at least 3 or more dealers, 2 of which must be licensed under 625 ILCS, 5/5-101 or 5/5-102; and a trade show exhibition of new vehicles shall only be participated in by licensed new vehicle dealers at least 2 of which must be licensed under 625 ILCS, 5/5-101. The term "any other person" shall include new or used vehicle dealers licensed by other states.

The Secretary shall issue a trade show exhibition permit if:

- (1) an application is received by the "Secretary at least 10 days prior to the beginning date of the proposed trade show exhibition, accompanied by a fee of \$10;
 - (2) the applicant is a licensed new vehicle dealer or used vehicle dealer in good standing; and
 - (3) the Secretary determines that the proposed trade show exhibition shall conform with requirements imposed by law.
- d) Each person seeking to be or already duly licensed as a scrap processor, automobile parts recycler, rebuilder, repairer or out of state salvage buyer under the Illinois Combined Statutes shall maintain an established place of business which shall meet the requirements contained in subsection (a) above, except that no lot as set forth in subsection (a)(6) above is required. However, if open after sundown, the premises shall be adequately illuminated so that prospective purchasers may inspect the items held for sale.
- (e) None of the requirements of this Section shall apply to the place of business of a vehicle auctioneer licensed under 625 ILCS 5/5-700.

Rule 1010.450

DEALER PLATES

1. Special Plates issued to a Dealer may be displayed upon any vehicle held for sale or resale, and
 - (a) Upon any such vehicle for any legal purpose including pick-up at the point of manufacture or assembly, demonstrating, testing or for delivery to the buyer.
 - (b) On any such vehicle loaned, but not rented, as a "loaner" to a customer for temporary use the days that his car is being serviced or repaired.
 - (c) On one truck up to 8,000 pounds owned by the dealer and used to haul his parts incidental to the operation of his business.
2. Special plates issued to a dealer may not be displayed:
 - (a) Upon any vehicle rented to another person.
 - (b) Upon any vehicle of the second division carrying cargo or merchandise except as provided herein.
 - (c) Upon any work or service vehicle.
 - (d) In any for-hire movement.
 - (e) On any vehicle used permanently as a personal vehicle and not as a demonstrator, such prohibited

uses being defined as follows:

- A. On any vehicle used by any person enrolled at and attending an educational institution during the school term or year and to and from school.
- B. On any vehicle used on vacation trips to areas outside the geographic scope of normal business for a period in excess of 25 days.
- C. On any vehicle used by any person who is a member of the armed forces and stationed at any military base or encampment or installation.
- D. On any vehicle used continuously for 25 or more days as a personal vehicle by any person not an agent, servant or employee of the dealer owning such special plate.

3. Dealer Plates and One-Trip Use

Notwithstanding the above limitations, Dealer Plates may be used on a one-trip demonstration basis by a prospective bona fide buyer and carrying cargo or merchandise, providing that the form of document specified herein is carried in the cab of the vehicle. Any demonstration movement shall be limited to a period of 3 days.

Each dealer who wishes to grant to a prospective bona fide buyer the use of a dealer plate on a one-trip demonstration for three days shall prepare a document identical to this form in duplicate, and

1. Retain one copy in the offices of the dealer.
2. Issue one copy to the user for display on the vehicle.

(Date)

1. Name of Dealer:
2. Address of Dealer:
3. Dealer Plate or plates being used:
4. Name of prospective buyer:
5. Date use is to begin and end:

FORM REQUIRED

Each dealer shall file an annual report listing the name of each prospective buyer permitted to make a demonstration trip with a vehicle identifying the plate number utilized and the dates that the demonstration trip began and ended. The Secretary of State may prescribe the form of such report.

The Secretary of State may, in addition, grant in his discretion, a permit for a one-trip demonstration in excess of 3 days upon application therefor and showing of good cause.

Rule 1010.470

DEALER PLATE RECORDS

The dealers shall also maintain a record of the assignment of dealer plates to employees of the dealer and a written record of the persons to whom the dealer has sold drive-away decal permits.